

## Implementation of the Department of Vermont Health Access's RBRVS Rate Methodology

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## Topics for this Presentation

- Background on the RBRVS Payment Methodology
- Vermont's Goals in Transitioning to the RBRVS
- Vermont's Approach to Transitioning to the RBRVS
- Impact of the Change
- Implementation Timeline

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## Background on the RBRVS Payment Methodology

- Implemented in the Medicare program in 1992
- Basic formula = Relative Value Unit (RVU) \* Conversion Factor
- RVU for each service has three components:
  - Work
  - Practice Expense
  - Professional Liability (formerly Malpractice Insurance)
- Conversion Factor in Medicare's program set at \$36.8729
- CY 2010's Conversion Factor was slated to be \$29.3895, but Congress held it at \$36.0666 effective 1/1/10 and later increased it to \$36.8729 effective 6/1/10
- Current conversion factor set to expire 11/30/10

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## Background on the RBRVS Payment Methodology

- The Work RVUs are updated annually; must be reviewed by Medicare once every 5 years; feedback on updates provided by AMA's Relative Value Scale Update Committee; last update occurred Jan. 2007
- Practice Expense RVUs also reviewed every 5 years; AMA has a Practice Expense Advisory Committee as well
  - A new methodology to calculate PE RVUs took effect in CY 2010 and will transition over a four-year period
- Professional Liability RVUs updated every 5 years; approximately 4% of the total RVU value
- Of the 15,054 recognized CPT/HCPCS in 2010, 8,779 are paid in the Medicare RBRVS system.

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## Background on the RBRVS Payment Methodology

- Medicare uses Geographic Pricing Cost Indices to adjust the RVUs, and thus, the rate by locality. Vermont's GPCIs in CY 2010
  - Physician Work = 1.0 (national median)
  - Practice Expense = 1.0 (as set by Affordable Care Act)
  - Professional Liability = 0.489

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## Vermont's Goals in Transitioning to the RBRVS

- Provide greater transparency in how rates are set and how payments are made to providers
- Create a payment system that is sustainable and can be updated with relative ease
- Place an emphasis on primary care services
- Ensure sufficient access to all services
- Establish greater fairness in payment rates across provider groups
- Maintain payments neutral to the current system in the aggregate

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## Vermont's Approach to Transitioning to RBRVS

- Identify all providers that will be paid under this methodology
  - Primary care physicians
  - OB/GYN providers
  - Specialist physicians
  - Nurse practitioners (primary care and specialties)
  - Mental health providers (psychiatrists and psychologists)
  - Physical, speech and occupational therapists
  - Optometrists and Opticians
  - Chiropractors
  - Podiatrists
  - Radiologists

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## Vermont's Approach to Transitioning to RBRVS

- Utilize all RVUs in place in the current Medicare RBRVS and update the values each January 1
- Utilize RVUs that have been established that are Medicaid-covered services but that Medicare does not pay through RBRVS
- Consider utilizing supplemental RVUs established by Ingenix for "gap codes" where Medicare has not assigned an RVU (DVHA has yet to be decide on this)
- Continue to pay all remaining codes where no RVU is available at their present levels

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## Impact of the Change

- The DVHA is using Medicare's facility and non-facility RVU values.
- Where Medicare uses one conversion factor, the DVHA is using a few conversion factors. The conversion factor for a specific code is the same for all providers with the exception of behavioral health.

Conversion Factors Used in the Model	Conversion Factor	Shown as a Percent of the Medicare Rate (\$36,8729)
Evaluation & Management codes	\$32.37	87.8%
OB codes	\$31.34	85.0%
Behavioral Health codes		
Psychiatrists	\$32.08	87.0%
Primary Care Doctors, Primary Care Nurse Practitioners, Specialist Doctors, Specialist Nurse Practitioners	\$30.97	84.0%
Ph.D. Psychologists	\$28.76	78.0%
M.S. Psychologists	\$26.92	73.0%
All Other providers	\$26.92	73.0%
All Other codes except chiropractic	\$24.34	66.0%
Four chiropractic codes CPT (98940-98943)	\$32.37	87.8%

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## Impact of the Change

- The reason why each service is not paid the same conversion factor is because
  - State legislation in 2006 requires that E&M codes be paid at 100% of the Medicare rates in place as of 2006. Thus, total payments in the model have been "held harmless" to the 2006 rates. To maintain this level of payments, the E&M rates have been set at 87.8% of Medicare's rates since Medicare has increased E&M code rates 12% on average since 2006.
  - As high-volume services in Medicaid, OB-related codes and behavioral health codes have been priced closer to the Medicare rate than other codes to ensure proper access for Medicaid beneficiaries.

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## Impact of the Change

- Fiscal Impact is reflected in two ways:
  - Comparison of current rates as a percent of Medicare against new rates as a percent of Medicare
  - Compare how payments will be relative to today's payments
- These are stratified by:
  - Provider type
  - Service groups (E&M codes, OB-related codes, behavioral health codes, all other codes)

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## Impact of the Change- As a Percent of Medicare

Provider Type	Payment as a Percent of Medicare		Service Group	Payment as a Percent of Medicare	
	Today	Future		Today	Future
ALL PROVIDERS	78.7%	78.7%	E&M Codes	87.8%	87.9%
Primary Care Physicians	84.2%	86.4%	OB Codes	80.3%	83.6%
Primary Care Nurse Practitioners	84.3%	86.4%	Behavioral Health Codes	74.7%	75.6%
OB/GYN Providers	76.6%	78.7%	All Other Codes	67.7%	66.2%
Specialists (Physicians or Nurses)	74.5%	77.1%			
Radiologists	106.9%	66.2%			
Psychiatrists	83.6%	85.4%			
Psychologists (Doctorate Level)	74.9%	75.7%			
Psychologists (Masters Level)	70.0%	71.3%			
Therapists	66.5%	66.7%			
Optometrists and Opticians	53.2%	68.5%			
Chiropractors	87.8%	82.9%			
Podiatrists	68.2%	77.9%			

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## Impact of the Change

- The "Payment as a Percent of Medicare" on the previous slide differs across provider types—why?
  - Since DVHA is using multiple conversion factors, the payment as a percentage of Medicare is dependent upon the type of services that each provider type bills to Medicaid.
  - Although the standard formula is set at  $[RVU * \text{Conversion Factor}]$ , payments are also offset by modifiers in some cases. For example, physician's assistants are paid 90% of the rate on file.

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## Impact of the Change- As a Percent of Today

Provider Type	Number of Providers Paid > \$10,000 Annually	Percent Losing More than 10% from Today's Payments	Percent Within +/- 10% of Today's Payments	Percent Gaining More than 10% from Today's Payments
ALL PROVIDER TYPES	962	11%	65%	24%
Primary Care Physicians	170	3%	88%	9%
Primary Care Nurse Practitioners	31	0%	97%	3%
OB/GYN Providers	39	5%	77%	18%
Specialists (Physicians or Nurses)	210	11%	64%	25%
Radiologists	21	95%	5%	0%
Psychiatrists	37	8%	89%	3%
Psychologists (Doctorate Level)	49	22%	68%	10%
Psychologists (Masters Level)	289	10%	52%	38%
Therapists	39	3%	89%	8%
Optometrists and Opticians	35	3%	11%	86%
Chiropractors	33	21%	79%	0%
Podiatrists	9	0%	44%	56%

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## Impact of the Change- As a Percent of Today

Service Group	Number of Codes Paid > \$10,000 Annually	Percent Losing More than 10% from Today's Payments	Percent Within +/- 10% of Today's Payments	Percent Gaining More than 10% from Today's Payments
E&M Codes	74	51%	35%	14%
OB Codes	10	50%	10%	40%
Behavioral Health Codes	19	32%	47%	21%
All Other Codes				
Radiology Codes	87	100%	0%	0%
Non-Radiology Codes	231	49%	17%	34%

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## Implementation Timeline

- The new rate system will be put in place on January 1, 2011.
- CPT/HCPCS codes will use RVUs in effect for CY 2011 as specified by CMS's Medicare 2011 RBRVS.
- As per the Patient Protection and Affordable Care Act (ACA), E&M codes (and some immunization administration codes) will be increased on January 1, 2013 to 100% of the Medicare rate in place at that time. Although this is an increase for E&M, it will not result in a decrease for other codes because the feds are reimbursing Medicaid agencies 100% of the cost of this increase.
- These rates are not final yet, since DVHA still needs to run a final model with the most recent claims data and the CY 2011 RVUs once they are available.

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